

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 3606 – SB 3687**

May 18, 2010

**SUMMARY OF AMENDMENTS (017015, 018537):** Amendment 017015 exempts from property taxes any property transfers between tax-exempt religious institutions. Exempts from property taxes any foreclosed property transferred by a lender to a tax-exempt religious institution.

Amendment 018537 authorizes local governments to prorate a building or improvement's assessment when it cannot be occupied for more than 30 days as a result of a disaster certified by the Federal Emergency Management Agency (FEMA). Requires property owners to apply for property tax relief prior to September 1, 2010. Requires approval by two-thirds of a county or municipality's governing body to authorize tax relief retroactive to January 1, 2010.

**CORRECTED FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Expenditures – Not Significant

Decrease Local Revenue – Less Than \$500,000/Permissive

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

**Increase State Expenditures – Not Significant**

**Decrease Local Revenue – \$6,000/Recurring**

**Exceeds \$5,000,000/Recurring/Permissive**

**Increase Local Expenditures – Not Significant/Permissive**

Assumptions applied to amendments:

- According to the Comptroller, only one existing religious institution will be affected. The one-year taxes are estimated to be \$6,000 on approximately \$300,000 of property.
- The \$6,000 recurring decrease to local revenue is not permissive.
- According to FEMA, 42 counties in Tennessee have been declared federal disaster areas.
- According to the Comptroller of the Treasury, a disaster declaration has been requested for 52 counties in the state as a result of severe flooding.
- According to the Comptroller, estimate assumes that FEMA disaster certifications will be granted to all counties for which a declaration has been requested.

**HB 3606 – SB 3687**

- According to the Comptroller, all counties receiving a disaster declaration will approve prorated property tax relief to property owners. The amount of property tax to be forgiven is unknown but estimated to exceed \$5,000,000.
- Surveying damaged property in disaster areas will require additional staff time resulting in a not significant increase to local government expenditures.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/agl